



Department of Justice

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**FORMER NEW YORK HOSPITAL EMPLOYEE AND A MANHATTAN
TELECOMMUNICATIONS COMPANY PLEAD GUILTY TO BID RIGGING AND
RELATED CHARGES**

WASHINGTON — A former New York hospital employee and a telecommunications company pleaded guilty today to charges relating to their roles in a conspiracy involving kickbacks, bid rigging, bribery, contract allocation, and related charges for the supply of telecommunications equipment and services to Mount Sinai School of Medicine and the Mount Sinai Hospital (Mount Sinai), the Department of Justice announced.

Anthony Spadola of Morganville, N.J., a former information technology manager at Mount Sinai, pleaded guilty today in U.S. District Court in Manhattan to a three-count information. Spadola pleaded guilty to one count of conspiracy to rig bids and allocate contracts for the supply of telecommunications equipment and services to Mount Sinai from approximately January 2001 through October 2004. Spadola also pleaded guilty to one count of conspiracy to commit commercial bribery, mail fraud, and to making false and fraudulent statements on corporate U.S. income tax returns from approximately January 2001 until September 2003. Additionally, he pleaded guilty to one count of income tax evasion for failing to report as income kickbacks that he received, and for improperly claiming business deductions on his U.S. individual income tax returns for the years 2001 through 2003.

Broadcom Voice & Data Inc. (Broadcom) of New York City, a telecommunications installation company, also pleaded guilty today in U.S. District Court in Manhattan. Broadcom pleaded guilty to one count of conspiracy to rig bids and allocate contracts for the sale of telecommunications equipment and services to Mount Sinai from approximately January 2001 through October 2004.

“The Antitrust Division will hold accountable those who attempt to undermine open and competitive bidding processes,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division. “Today’s sentences demonstrate that commitment.”

The Mount Sinai Hospital is a 1,171-bed tertiary care teaching hospital that serves the New York metropolitan area with a medical staff of nearly 1,800. In addition to its medical education efforts, Mount Sinai’s School of Medicine performs clinical and basic-science research. Both the hospital and the school jointly operate an information technology department, located within the Mount Sinai Medical Center in Manhattan, that assists various departments and facilities in creating and maintaining their telecommunications infrastructures. This

assistance includes selecting and contracting with third party telecommunications vendors in order to install equipment such as voice and data cables in Mount Sinai facilities.

Spadola's co-conspirator, Stephen Cogliano, also a former Mount Sinai employee, pleaded guilty on Tuesday to one count of conspiracy to rig bids and allocate contracts for the supply of telecommunications equipment and services to Mount Sinai from January 2001 through October 2004.

Spadola and Cogliano were responsible for obtaining bids from vendors of telecommunications equipment and services on behalf of Mount Sinai. They were also responsible for supervising vendors and reviewing and authorizing their invoices for payment. According to the Department, Spadola and Cogliano received payments from individuals associated with Broadcom and another telecommunications vendor in exchange for steering contracts to those companies. Spadola and Cogliano opened bank accounts under the name of consulting companies in April 2001 and May 2003, respectively, that were primarily used to conceal illegal payments received from Broadcom. Court papers also state that Spadola failed to report his receipt of all of the kickbacks and that he took illegitimate business deductions on his income tax returns.

Between January 2001 and September 2003, Broadcom paid Spadola and Cogliano a total of approximately \$154,000 in kickbacks in order to ensure that Broadcom would be allocated a portion of Mount Sinai's total contracts for purchasing telecommunications equipment and services and that no alternative vendors would be chosen for those contracts. The kickback money was paid through checks issued by Broadcom to the sham consulting companies created by Spadola and Cogliano.

Spadola is scheduled to be sentenced before Judge McKenna on Jan. 8, 2007, and Cogliano is scheduled to be sentenced before Judge Rakoff on Jan. 25, 2007. Broadcom is scheduled to be sentenced before Judge Swain on Dec. 28, 2006.

The bid rigging charge, a violation of the Sherman Act, carries a maximum penalty of 10 years in prison, three years of supervised release, and a \$1 million fine for an individual, and a maximum penalty of a fine of \$100 million and a term of probation of five years for a corporation. The conspiracy charge carries a maximum penalty of five years in prison, three years of supervised release, and a \$250,000 fine for an individual. The count of income tax evasion carries a maximum penalty of five years in prison, three years of supervised release, and a \$100,000 fine, together with the costs of prosecution. The maximum fine on each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, the defendants could be ordered to pay restitution to the victim for the full amount of that victim's loss.

These charges arose from an ongoing federal antitrust investigation of bid rigging, bribery, fraud, and tax-related offenses in the telecommunications equipment and services industry. The investigation is being conducted by the Antitrust Division's New York Field

Office, with the assistance of the Federal Bureau of Investigation (FBI) and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the telecommunications equipment and services industry should contact the New York Field Office of the Antitrust Division at 212-264-9308 or the New York Division of the FBI at 212-384-3252.

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